

Message Text

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DEPT PASS EXIM BANK

E.O. 11652: N/A

TAGS: EFIN, BEXP, PL

SUBJECT: VISIT OF EX-IM BANK DIRECTOR MITCHELL KOBELINSKI

1.SUMMARY: EX-IM DIRECTOR MITCHELL KOBELINSKI'S RECENT VISIT BROUGHT TO LIGHT IMPORTANT NEW INFORMATION CONCERNING CON-TRACE NEGOTIATIONS UNDER WAY HERE, AND OFFERED A TIMELY OPPORTUNITY TO EXPLAIN EX-IM'S NEW INTEREST-RATE POLICY TO POLISH BANKING AUTHORITIES. END SUMMARY.

2. THE POLES CONFIRMED TO KOBELINSKI THAT THE FORGE-AND-FOUNDRY PORTIONS OF THE STALOWA WOLA PROJECT WILL BE NEGOTIATED SEPARATELY; THE FORGE CONTRACT WILL BE LET AS SOON AS POSSIBLE AND THAT FOR THE FOUNDRY WILL FOLLOW BY SIX-TO-NINE MONTHS. MINISTER OF THE MACHINE INDUSTRY WRZASZCZYK GAVE KOBELINSKI THE STRONG IMPRESSION THE POLES HOPE THE FORGE WILL BE BUILT BY SWINDELL-DRESSLER. THE MINISTER INSISTED, HOWEVER, THAT SWINDELL'S PRICES ARE STILL TOO HIGH AND US FINANCING DOES NOT MATCH THAT OFFERED BY THE JAPANESE AND BRITISH COMPETITION. CHAIRMAN CASEY OF PULLMAN HAS AGREED TO SEND A TEAM OF SPECIALISTS TO WARSAW IN THE NEXT FEW DAYS TO REVIEW THE SWINDELL-DRESSLER BID WITH POLISH OFFICIALS.

3. KOBELINSKI FOUND ENTHUSIASTIC SUPPORT FOR THE GM DEAL BOTH IN THE MINISTRY OF THE MACHINE INDUSTRY AND IN THE POLISH

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FINANCIAL COMMUNITY. BUT HEAVY EMPHASIS WAS PLACED ON THE

NEED FOR COMPETITIVE FINANCING. IN TALKING WITH BANK HANDLOWY PRESIDENT MALESA AND MINISTER OF FINANCE KISIEL, KOBELINSKI REMINDED THEM OF THE NEED FOR CONGRSSIONAL REVIEW OF THE LOANS WHICH MIGHT BE MADE BY EX-IM IN CONNECTION WITH THE GM AND SWINDELL-DRESSLER CONTRACTS. REFERRING TO QUESTIONS WHICH HAD BEEN RAISED ABOUT EARLIER LOANS EXAMINED BY THE CONGRESS, HE CAUTIONED THAT CONGRESS MIGHT BE CRITICAL OF POLAND'S RELUCTANCE TO DIVULGE INFORMATION CONCERNING ITS RESERVE POSITION. EX-IM DID NOT REQUIRE THIS INFORMATION FROM POLAND, HE SAID, BUT THE DATA WOULD BE USEFUL IN THE HEARINGS ON THESE LOANS AND OTHERS WHICH WOULD REQUIRE CONGRESSIONAL ACTION. KISIEL AND MALESA WERE NONCOMMITTAL, BUT WILLING TO CONSIDER THE SUGGESTION. IN REPLYING TO ANOTHER OF KOBELINSKI'S QUESTIONS, MALESA SAID THE GQOUT FOREIGN-TRADE DEFICIT WOULD PROBABLY BE BETWEEN \$2 AND 2.5 BILLION DOLLARS.

4. DURING HIS CONVERSATION WITH KISIEL AND MALESA, KOBELINSKI ALSO EXPLAINED EX-IM'S RECENT RATE INCREASES AND ENCOURAGED THEM TO VIEW THE NEW RATES AS GUIDELINES, ADOPTED IN RESPONSE TO THE RISING COST OF FUNDS TO EX-IM. HE STRESSED THAT THE NEW POLICY WAS DESIGNED TO ENCOURAGE SHORTER-TERM LENDING AND WAS NOT INFLEXIBLE. HE ALSO SUGGESTED BROADER USE OF THE CFF FACILITY (WE UNDERSTAND BANK HANDLOWY INTENDS TO APPLY FOR A LARGER CREDIT LINE UNDER THE PROGRAM) AND OUTLINED POSSIBILITIES FOR UTILIZING EX-IM'S DISCOUNT FACILITY IN FINANCING IMPORTS THROUGH US COMMERCIAL BANKS.

5. IN ADDITION TO MEETINGS WITH SENIOR GOVERNMENT OFFICIALS, KOBELINSKI'S PROGRAM HERE INCLUDED ATTENDANCE AT THE FIRST PLENARY SESSION OF THE POLISH-AMERICAN JOINT ECONOMIC COUNCIL AND AT "COOPERATION 75", A CONFERENCE DESIGNED TO PROMOTE THE INTEREST OF BUSINESSMEN OF POLISH DESCENT IN THIS MARKET. DAVIES

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